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# ***Headquarters U.S. Air Force***

***Integrity - Service - Excellence***

## ***Interest Based Negotiations***

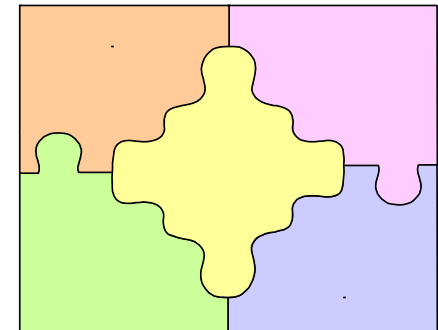


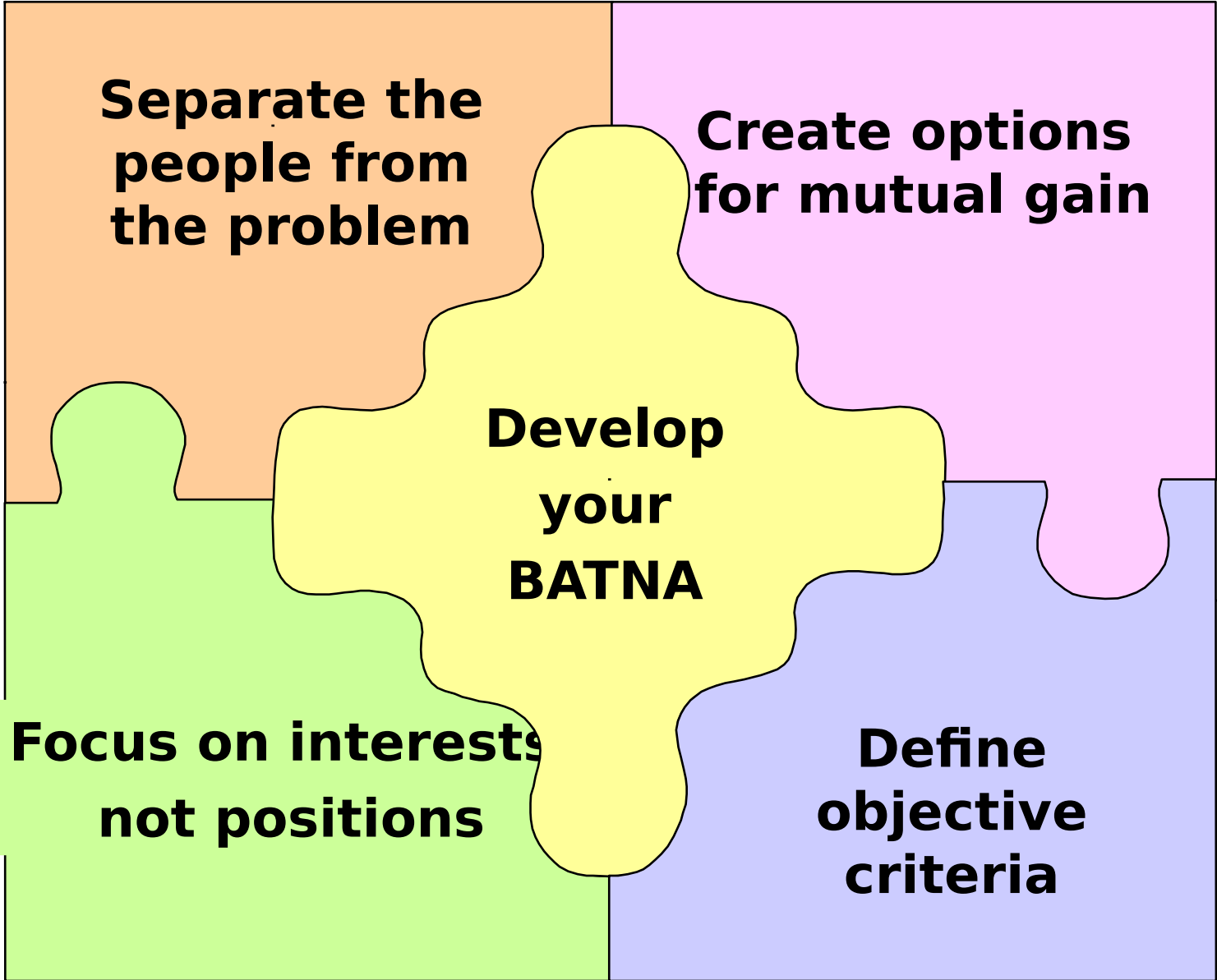


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# ***The Five Principles***

- **Separate the people from the problem**
- **Focus on interests not positions**
- **Create options for mutual gain**
- **Develop your BATNA**
- **Define objective criteria**





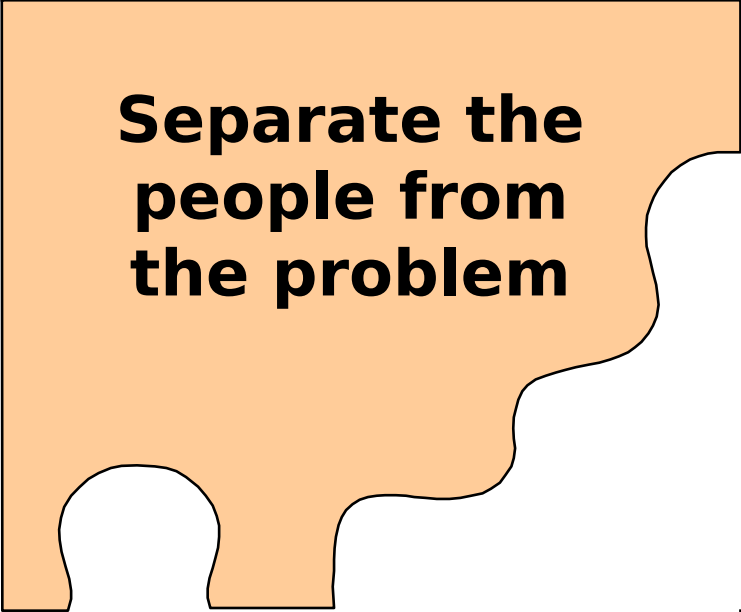
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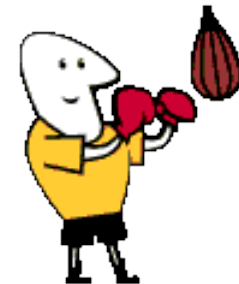
**Separate the  
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# ***Separating People & Problem***

- **Negotiators have the ability to separate the problem from the relationship**
- **People & problems get entangled**
  - **Perceptions**
  - **Emotions**
  - **Communications**
  - **Assumptions**





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# ***Separating People & Problem***

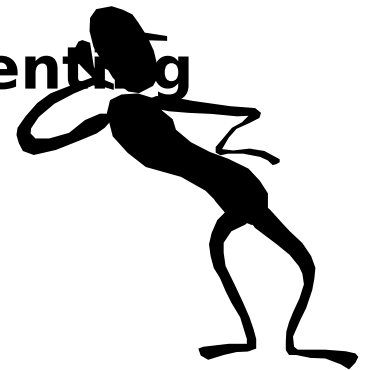
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## ■ **Perceptions**

- **Place yourself in their shoes**
- **Do not interpret their motives by your fears**
- **Discuss the perceptions**

## ■ **Emotions**

- **Recognize they exist**
- **Acknowledge them and allow for venting**
- **Do not react to them**



## ■ **Communication**

- **Listen & avoid misunderstandings**

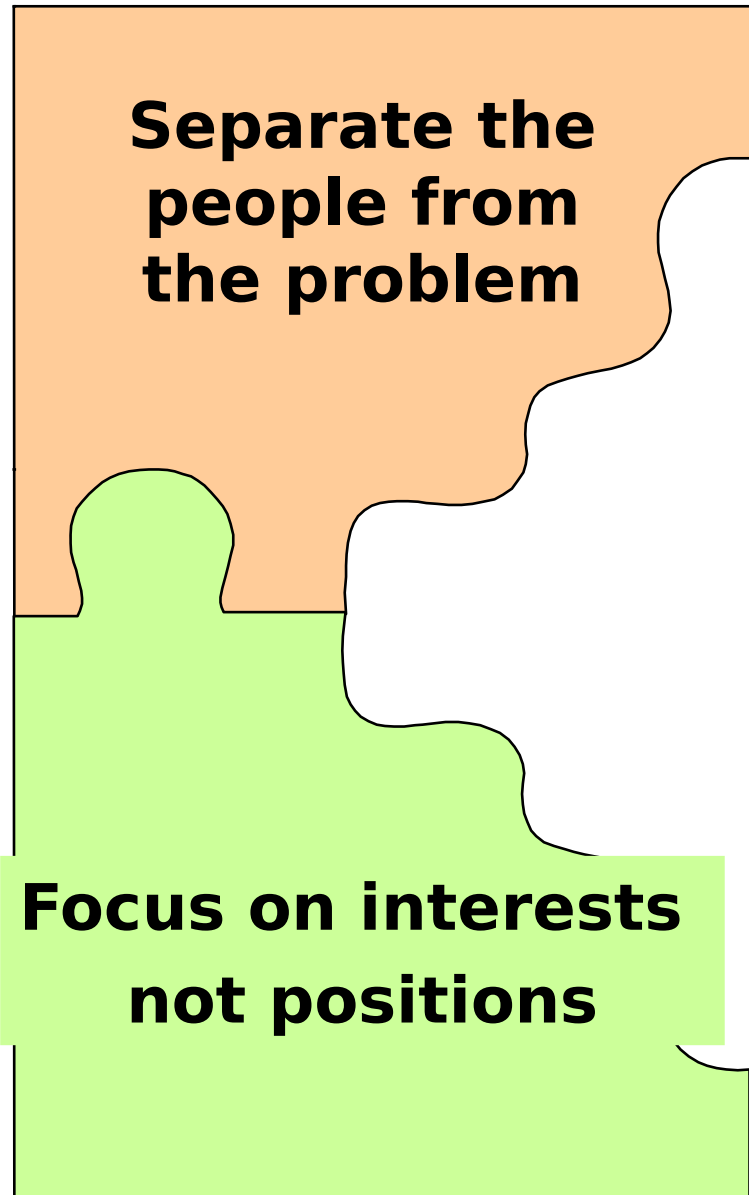


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# ***Separating People & Problem***

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- **Be patient**
  - **Tolerate the need for the other side to “vent” and then engage**
  
- **Leadership**
  - **Be prepared to build or maintain a relationship/trust if necessary**



**Separate the  
people from  
the problem**

**Focus on interests  
not positions**





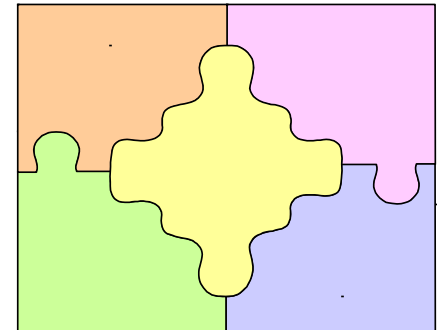
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# ***Focus on Interests***

**Positions are pre-determined  
OUTCOMES**

**Interests are your NEEDS TO BE  
SATISFIED**





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# ***Focus on Interests***

- **Look for interests behind positions**
- **Prioritize interests**
- **Consider other side's interests**
- **Critical to preparation before the negotiation!**



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# ***Focus on Interests***

## **Positions**

- **Solutions to problems**
- **Specific & definite**
- **Basis for argument**
- **Require justification**
- **End discussion**

## **Interests**

- **Why a particular solution is preferred**
- **Reasons underlying positions**
- **Require explanation not justification**
- **Start discussion**



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# ***Interests.....communicate d***

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**“What I’m trying to do here is.....”**

**“I have to do X because....”**

**“I cannot do X because.....”**

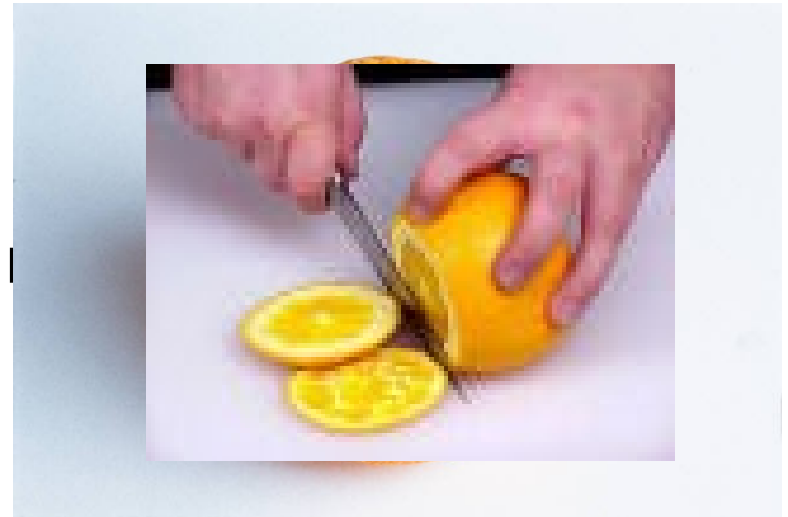
**“I’m really concerned about....”**



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# ***Example of an Orange***

- **One remaining orange available**
- **2 children each want the last orange**
- **Parent intervenes**
- **Appears to be zero sum**
- **Typical resolution?**





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# ***Solution to Orange***

**Examining the INTERESTS of each party :**

**One child would  
like the rind for baking**

**The other would like to  
make orange juice**



**Ignoring INTERESTS causes each side to be less satisfied**



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# ***Purchasing a car***

- **Who are the key parties?**
- **What are the positions?**
- **What are the interests?**





# ***Purchasing a Car***

## **■ Parties:**

- Typically think of negotiations with a salesperson**
- However, in this scenario pre-negotiations occur between father and son (“Junior” - the primary driver of the new vehicle)**

## **■ Positions:**

- Junior: “I need a new car”**
- Father: “We cannot afford a new car”**





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# ***Interests of Car Purchase***

## **Negotiation Between Father and Son**

### **Father's Interests**

**Cost**  
**Safety**  
**Can handle "off road"**  
**Considered a "good deal"**  
**Reliability / Low Maintenance**  
**Low insurance premiums**

### **Junior's Interests**

**"Cool" transportation**  
**Looks good**  
**Thrilling to drive**  
**Reliability**  
**Good music system**  
**Handles traffic well**  
**Cost**

***Also examine the prioritization of interests***



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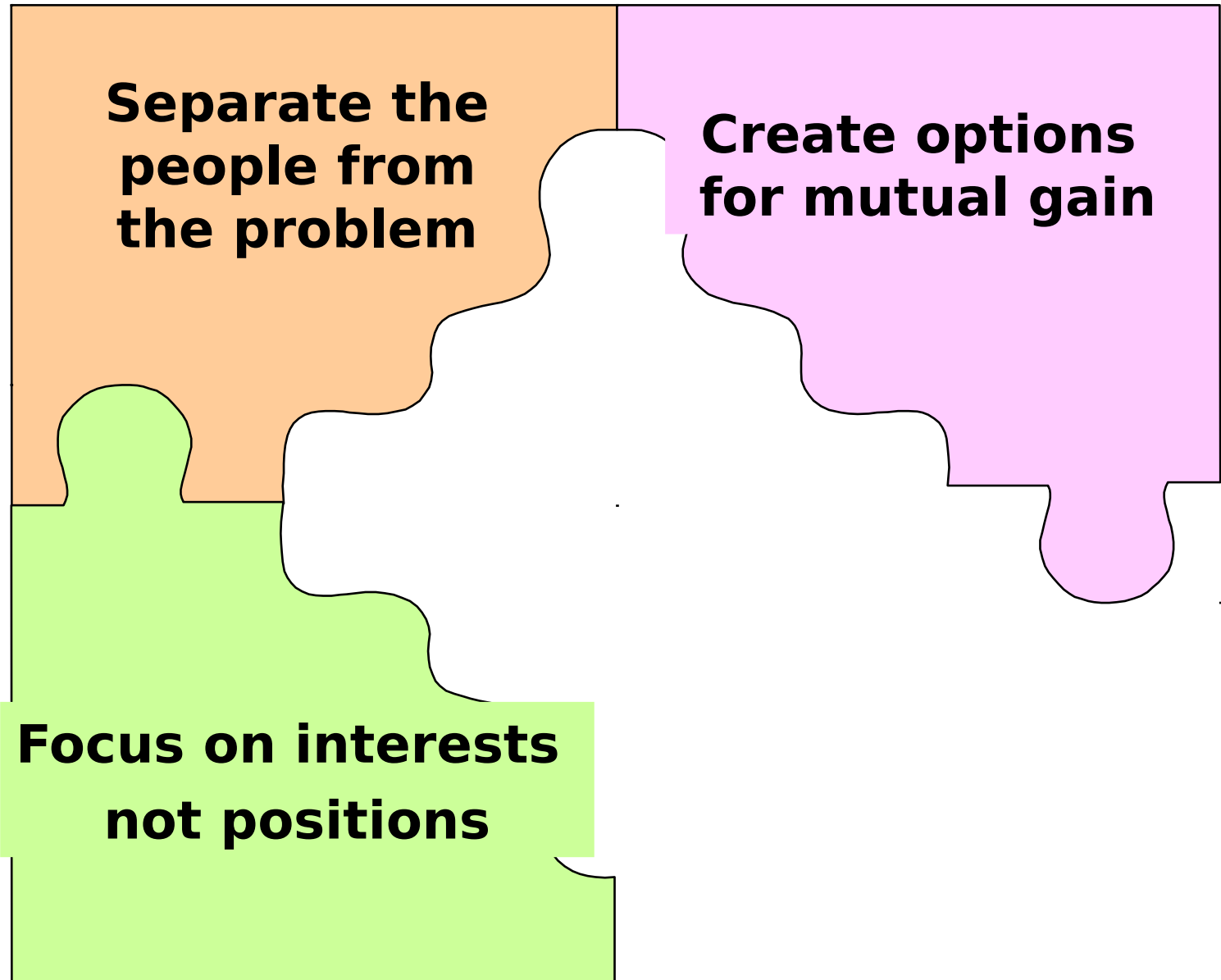
# *Interests*

- **Examining the prioritization of interests highlights areas of no gain**



- **Exchange a low priority for you to meet a high priority for your counterpart**





**Separate the  
people from  
the problem**

**Create options  
for mutual gain**

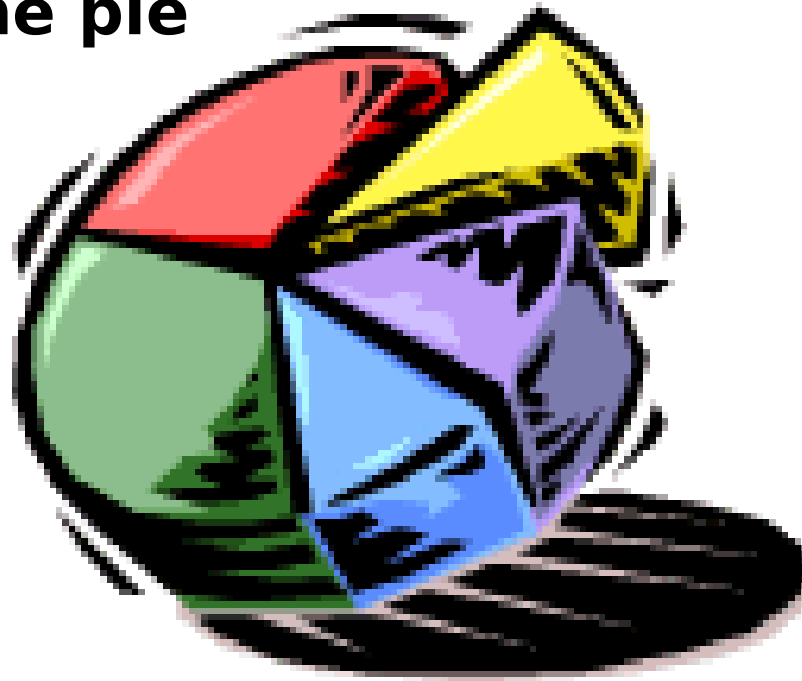
**Focus on interests  
not positions**



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# ***Options for Mutual Gain***

- **Recognize there can be  $> 1$  option**
- **Expand the pie**

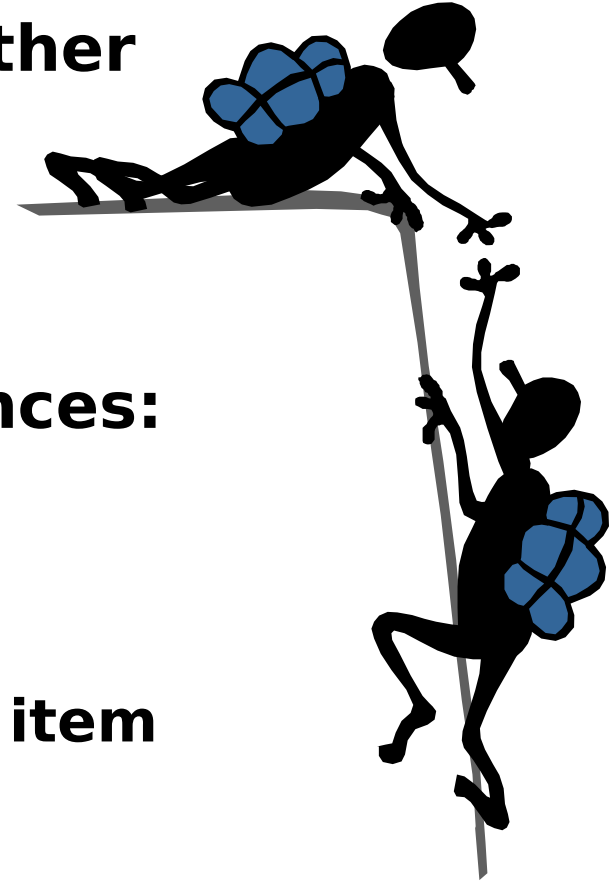




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# *Options for Mutual Gain*

- Look for ways to work together
- Find value in differences
- Common sources of differences:
  - Risk
  - Timing
  - Perceptions
  - Marginal value of the same item





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# ***Options for Mutual Gain***

- **Brainstorm possible solutions together**
- **Consider options for joint benefit**
- **Create what neither of you could do on your own**
- **Look for possible trade-offs that can turn potential into reality**



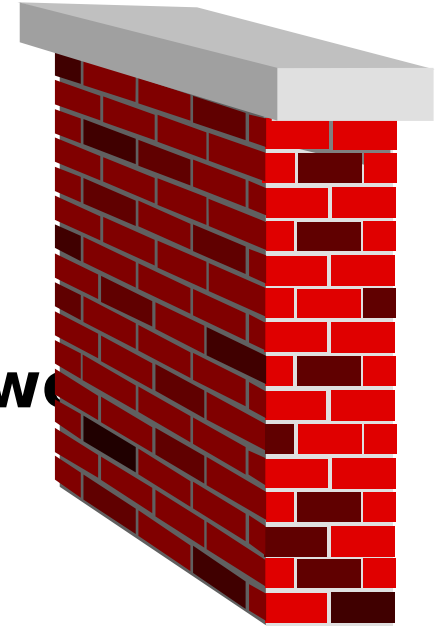


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# ***Options for Mutual Gain***

## **Barriers that restrict:**

- **Premature judgment**
- **Searching for the SINGLE answer**
- **Assuming a “fixed pie”**
- **Solving their problem is THEIR problem**





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# ***Vacation Planning Example***

**The wife is interested in an active vacation filled with sightseeing, cultural tours, eating out and fitness activities.**



**The husband is looking to decompress with a relaxing vacation of sitting in the sun, reading a book, and catching up on much needed rest.**

**They are committed to going on vacation together.**





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# ***Vacationing Example***

## **Going on a vacation**

- **What are the positions?**
- **What are the interests?**
- **What are the priorities of the parties?**
- **What are the options (if any) for mutual gain?**





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# ***Vacation***

## **Husband**

## **Wife**

### ***Positions:***

***“I need a relaxing vacation”***

***“I want a fun vacation”***

### **Interests**

- ✓ Not living out of a suitcase
- ✓ Sitting in sun
- ✓ Reading
- ✓ Taking naps
- ✓ Having no plans
- ✓ Within family budget

### **Interests**

- ✓ See as much as possible
- ✓ Sightseeing
- ✓ Cultural
- ✓ Eating out
- ✓ Fitness

***Also examine the prioritization of interests***

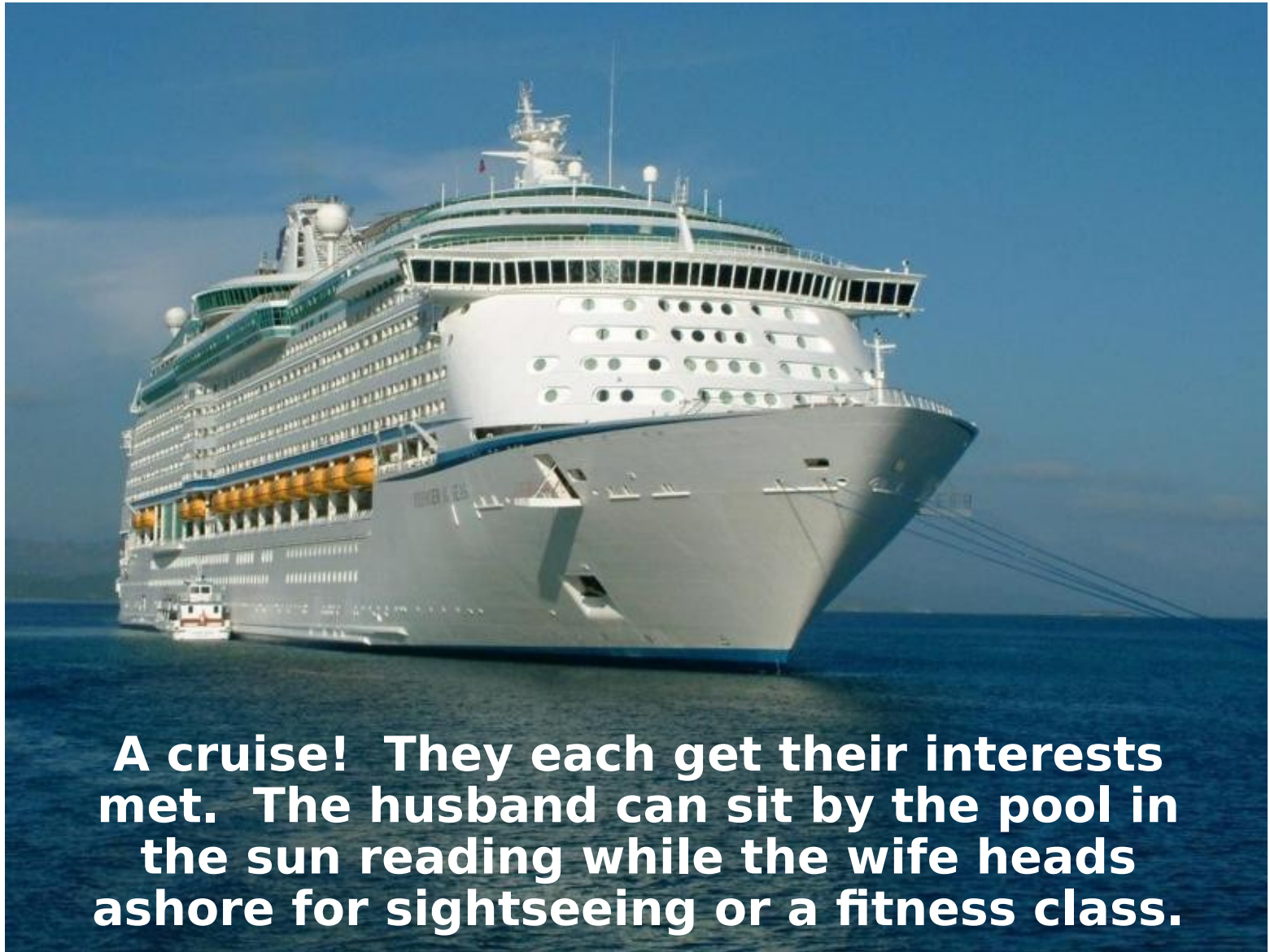
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# ***Areas of Mutual Gain?***



**A cruise! They each get their interests met. The husband can sit by the pool in the sun reading while the wife heads ashore for sightseeing or a fitness class.**



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# ***Examples of Options***

## **Negotiation between father and son over purchase**

**What will meet their interests?**

- **Type of transportation**
- **New v Pre-owned**
- **Brand**
- **Features**





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# ***Brainstorming for Mutual Options***

## **Type of transportation**

- ✓ **Public Transportation**
- ✓ **Bicycle**
- ✓ **Minivan**
- ✓ **Station Wagon**
- ✓ **Motorcycle**
- ✓ **SUV**

## **Brands**

- ✓ **Hummer**
- ✓ **Harley Davidson**
- ✓ **Mercedes**
- ✓ **Volvo**
- ✓ **GM**



## **Vehicle features**

- ✓ **Alarm system**
- ✓ **CD Player**
- ✓ **Sunroof**
- ✓ **Auto-locks**
- ✓ **DVD player**
- ✓ **4 wheel drive**
- ✓ **6 cylinder**



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# ***Review of the interests***



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# ***Interests of Car Purchase***

## **Negotiation between father and son**

### **Father's Interests**

- **Cost**
- **Safety**
- **Can handle "off road"**
- **Considered a "good deal"**
- **Reliability / Low Maintenance**
- **Low insurance premiums**

### **Junior's Interests**

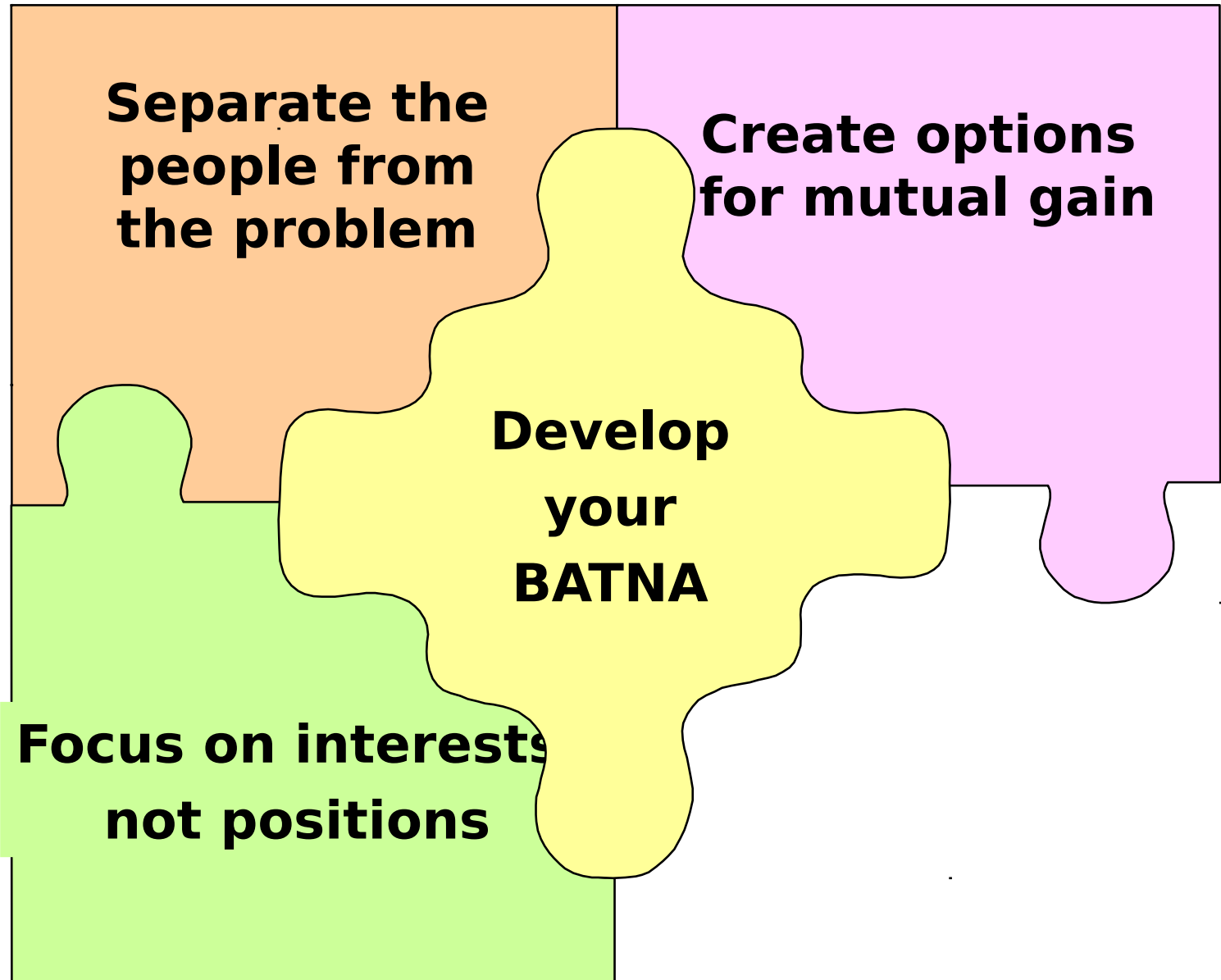
- **"Cool" transportation**
- **Looks good**
- **Thrilling to drive**
- **Reliability**
- **Good music system**
- **Handles traffic well**
- **Cost**

***Also examine the prioritization of interests***



***Which options met the  
most interests?***





**Separate the  
people from  
the problem**

**Create options  
for mutual gain**

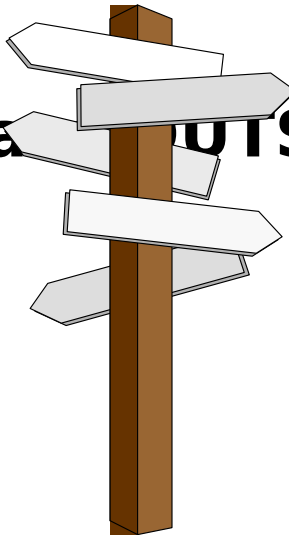
**Develop  
your  
BATNA**

**Focus on interests  
not positions**



## **Best Alternative to a Negotiated Agreement**

- What you will do if an agreement is NOT reached
- Alternatives a **OUTSIDE** the negotiation





# ***Developing BATNA***

- **Developing BATNA is creating alternatives BEFORE your negotiation**
- **Questions that assist in developing BATNA:**

**“If we don’t agree, I can always.....”**

**“What will I do if this negotiation fails?”**

**“What alternatives do I have?”**

**“What alternatives can I create?”**

**“How can I weaken the BATNA of my**

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**counterpart(s)?”**



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# ***Identify and Strengthen BATNA***

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- **Know your BATNA**
  - **Focus on what you want to achieve and the different ways to accomplish this**
  
- **Strengthen your BATNA**
  - **Construct your BATNA to be more achievable, probable, or satisfying more of your interests**
  - **Improves your confidence during the negotiation**
  
- **Consider other side's BATNA**
  - **Make their BATNA less attractive to them**



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# ***Example of BATNA***

## ***Asking for a raise from a boss***

**Before heading into the boss' office:**

**“What will I do if this negotiation fails?”**

**“What alternatives do I have?”**

**“What alternatives can I create?”**

**“How can I weaken the BATNA of my**

**boss?”** *Integrity - Service - Excellence*





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# ***Example of BATNA***

***Asking for a raise from a boss***

## **Examples of BATNA:**

**Leave “I am walking out of here”**

**Transfer to different department**

**Get a new job...Work for X Company**

**Collect unemployment**

**Start your own business**

**Accept “no” as answer and stay in  
position**





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# ***Example of BATNA***

**Air Force negotiates a purchase of planes  
with a Defense Contractor**



**Use another contractor**

**Refurbish old system**

**Terminate mission**

**Status Quo**





# ***"The Power" of BATNA***

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## **Cleveland vs. Indianapolis Job Search**

**Cleveland is your hometown, MOST of your interests satisfied by taking the job in Cleveland**



**Indianapolis would satisfy many of your interests**



**Where do you interview first and why?**

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# ***Job Search***

**Go to Indianapolis first to obtain an offer in  
your coat pocket**





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# Options & BATNA

## What is the difference between Options and BATNA?

### Options

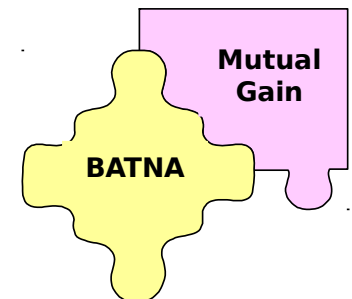
#### “Inside” the negotiation

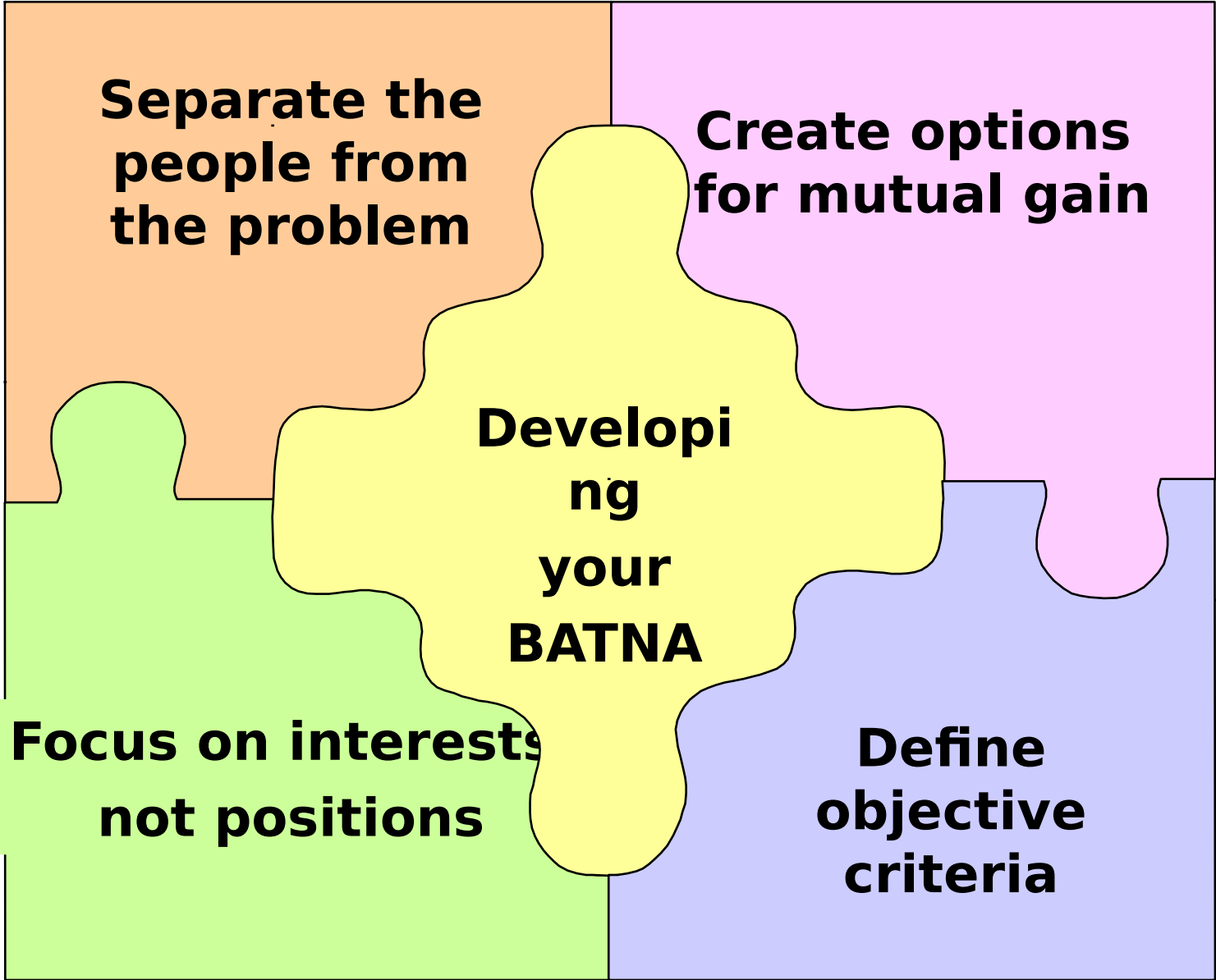
- ✓ Created with counterpart
- ✓ Brainstorming session
- ✓ Potential solution(s)
- ✓ BOTH you and counterpart receive benefit

### BATNA

#### “Outside” the negotiation

- ✓ Fall back position if negotiation fails
- ✓ ONLY impacts you





**Separate the  
people from  
the problem**

**Create options  
for mutual gain**

**Developi  
ng  
your  
BATNA**

**Focus on interests  
not positions**

**Define  
objective  
criteria**



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# ***Objective Criteria***

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**When you're almost there.....**

- ✓ Avoid a contest of wills**
- ✓ Agree to use objective criteria**
- ✓ Agree on which criteria to use**
- ✓ THEN apply the standard to the dispute**



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# ***Objective Criteria***

- **“Others in the industry do....”** (What is customary)
- **“The last time this happened we....”** (Precedent)
- **“The standard contract says...”** (Law)
- **“If you were me would you....?”** (Reciprocity)



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# Examples of Objective Criteria

- Need a used car?
  - **Objective Criteria:** Blue Book value



- How much to pay a babysitter?
  - **Objective Criteria:** Range of rates paid by neighbors

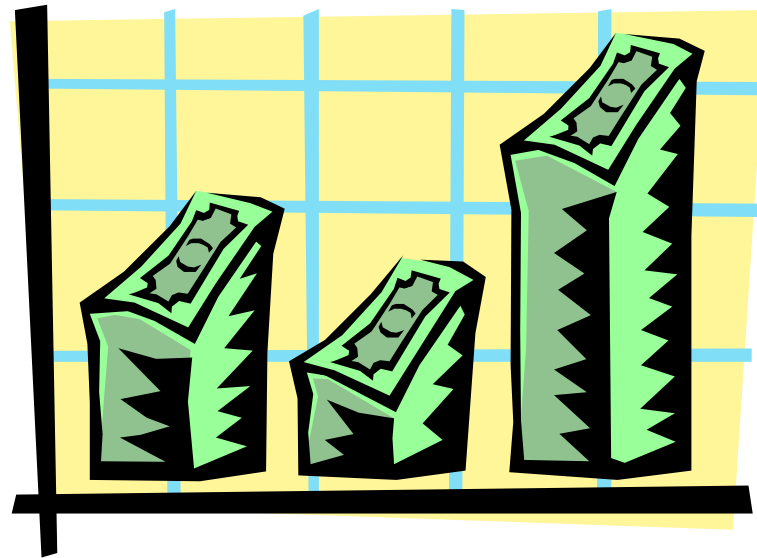


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# ***Examples of Objective Criteria***

## **Contract Source Selection Process**

***Objective Criteria:*** *Range of cost and pricing data submitted by potential contractors*







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# ***“The Power” of Objective Criteria***

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- **One slot for skydiving**
- **Two people desire to skydive**
- **Each person tries to convince the other they are more deserving**
- **How to determine WHO is most deserving?**





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# ***“The Power” of Objective Criteria***

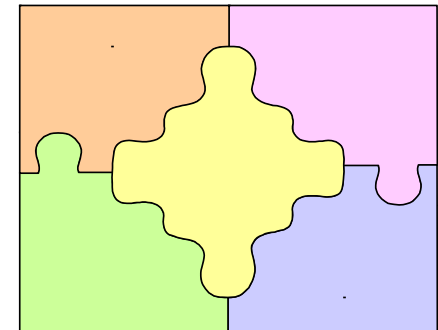
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- **How to determine WHO is most deserving?**
  - ***Agreement to use and apply objective criteria***
  
- **Agreement for a neutral procedure**
  - ***Flipping a coin***
  - ***“It was fair because we agreed to it”***



## **Understanding Interest Based Negotiation**

- **Understanding the 5 principles**
  - **Separate the people from the problem**
  - **Focus on interests not positions**
  - **Create options for mutual gain**
  - **Develop your BATNA**
  - **Define objective criteria**





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***Questions?***